



LOUISIANA ECONOMIC QUARTERLY



INTERNATIONAL
DESTINATION:
LOUISIANA

HOW LOUISIANA BECAME
THE FDI POWERHOUSE OF
THE SOUTH AND A NATIONAL
LEADER IN EXPORT GROWTH

INSIDE PIXOMONDO'S
DREAM FACTORY

NEW WORLD FOR
NATURAL GAS

LED FASTSTART™
RANKED NO. 1 (AGAIN)

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letter from Secretary Moret



For decades, Louisiana has been a national leader in global trade, foreign direct investment and trade-related manufacturing. That leadership role is now poised to rapidly expand.

When one considers Louisiana's vast natural resources, our global trade relationships, our 28 active ports, our exceptional workforce, our attractive business climate and our robust incentives, it's not surprising that we expect our state's cumulative foreign direct investment to double within just five to seven years.

In this issue of *EQ*, we share with you a glimpse into how Louisiana became an FDI powerhouse and a national export leader. We plan to bolster that leadership role through a new Office of International Commerce, which will market our compelling value proposition to attract (and bring back) investment from overseas and cultivate increased import/export volumes.

In this issue, we also share how LED FastStart™ has circled the globe to provide customized workforce solutions for expanding international companies, and we illustrate the value our STEP program is bringing to smaller Louisiana firms. You'll also learn how our robust site selection tool kit and new business incentives are giving companies a competitive advantage in Louisiana.

A look at special effects company Pixomondo and a visit with the director of new business development for Sasol North America, Mark Schnell, provide an inside look at how international companies are benefiting from Louisiana's highly rated business climate. Finally, we'll examine how new natural gas discoveries in the U.S. are sparking an energy and chemical industry renaissance that is attracting tens of billions of dollars of new business investment from all over the world.

In Louisiana, international growth truly knows no boundaries.

Best regards,

Stephen Moret, Secretary
Louisiana Economic Development

ECONOMIC UPDATE

LOUISIANA'S ECONOMY Q2 2012

HOUSING



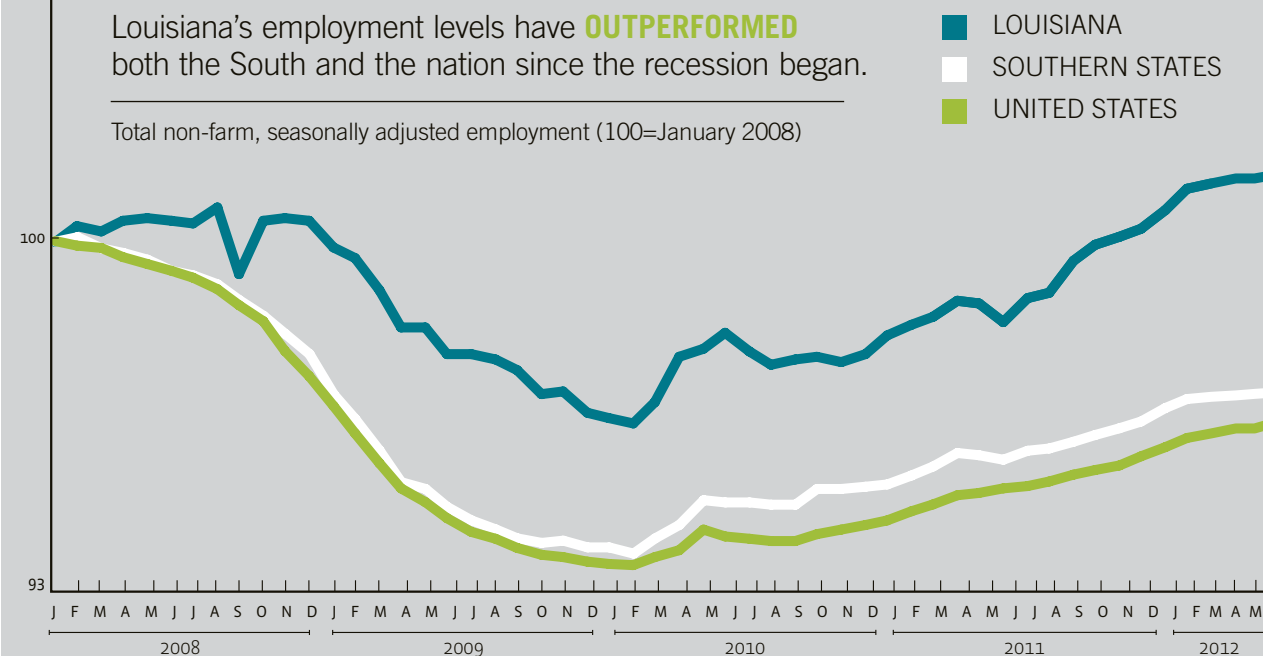
CoreLogic Home Price Index data shows that Louisiana's housing prices (excluding distressed sales) appreciated **+5.8 PERCENT** between May 2011 and May 2012, outpacing the U.S. **+2.7 PERCENT** change.

EMPLOYMENT

Louisiana's seasonally adjusted total non-farm employment grew by **2.8 PERCENT** between June 2011 and June 2012, which represented the second-largest percentage increase in employment in the nation.

Louisiana's employment levels have **OUTPERFORMED** both the South and the nation since the recession began.

Total non-farm, seasonally adjusted employment (100=January 2008)



BANKING

6.7% INCREASE

Louisiana's FDIC-insured institutions reported a **6.7 PERCENT INCREASE** in total bank equity capital over the year at the end of March 2012, compared to the nation's growth of 4.0 percent.

RANKINGS

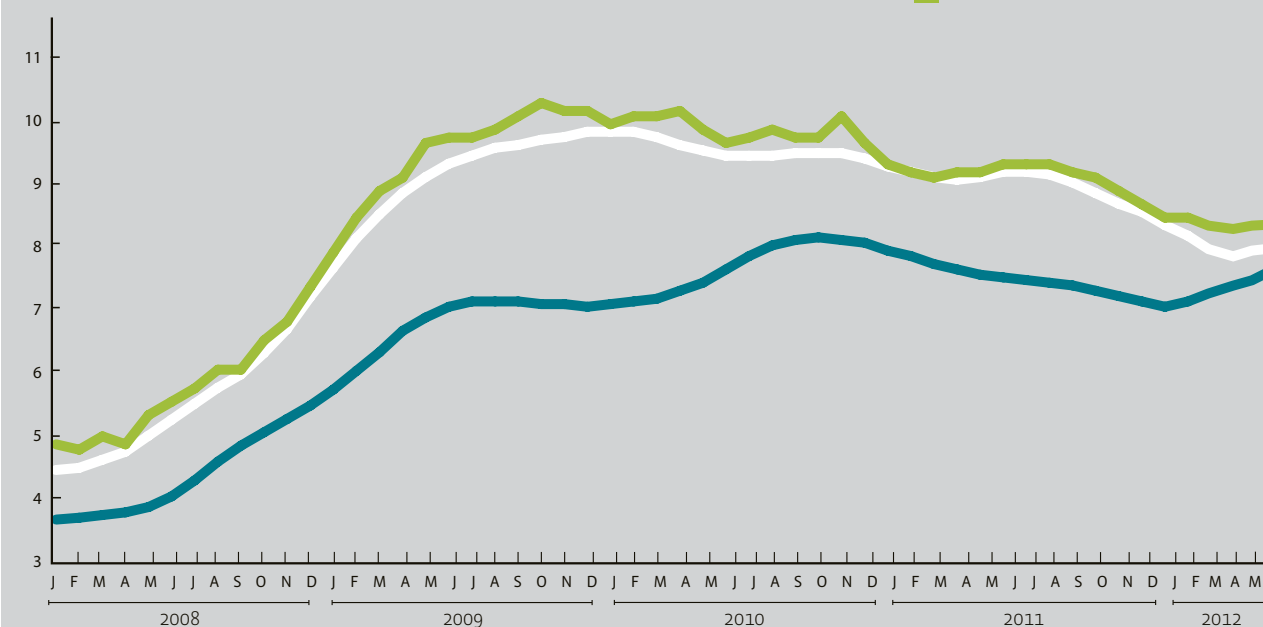
MOST IMPROVED

Chief Executive magazine ranked Louisiana as the **MOST IMPROVED STATE FOR BUSINESS** in the U.S., according to the magazine's 2012 Best/Worst States for Business. Louisiana ranked **13TH THIS YEAR**, an improvement of 34 spots since January 2008.

UNEMPLOYMENT

Louisiana has outperformed the South and the U.S. with respect to the unemployment rate since January 2008.

Legend: LOUISIANA (blue line), SOUTHERN STATES (white line), UNITED STATES (green line).



Grasping the precise training needs of employers lies at the heart of workforce development, but being able to adapt that training to any workplace in the world defines the extraordinary capacity of LED FastStart™ – Louisiana’s customized workforce solutions program.

At times, FastStart’s approach involves trotting the globe to analyze the essential business operations of companies looking to relocate to Louisiana, and using that analysis to help the companies perform at a higher level. That capability explains why FastStart represents such a potent weapon in Louisiana’s business development arsenal and why it’s recognized as the best state workforce program in the U.S.

“Companies have concerns about whether they can transfer technology from one part of the world to another,” said Jeff Lynn, LED’s executive director of workforce development programs. “We’re able to help them bring their technology here, but we have the added ability of also improving on existing procedures for companies that locate in Louisiana.”

FastStart’s international business-analysis travel includes a recent trip to the Caribbean island of Trinidad on behalf of North Carolina-based Nucor Corp., which is developing a \$3.4 billion iron-and-steel manufacturing project in Louisiana’s St. James Parish.

Nucor operates a similar facility in Trinidad. FastStart’s experts spent a week at the Trinidad plant documenting daily operations and processes, and crafted a comprehensive, site-specific recruiting, screening and training initiative for the company’s new Louisiana site.

Said Lynn: “It’s not just a matter of seeing and documenting existing processes, but also looking for an opportunity to improve on them through new technology or processes.”

FastStart is a free, comprehensive program for new and expanding companies that meet project criteria in Louisiana. The program includes an in-depth review of essential work processes and documentation, development of company-specific procedures and course materials, delivery of training, and ongoing feedback and evaluation for continuous improvements to the training process.

The Caribbean trip is just one example of FastStart’s globetrotting business analysis. FastStart staff also traveled to France to document the last phases of satellite assembly at the behest of satellite-maker Globalstar, which relocated to Covington, La., from California’s Silicon Valley.

“It’s not just a matter of seeing and documenting existing processes, but also **looking for an opportunity to improve on them through new technology or processes.**”

— Jeff Lynn, Executive Director of Workforce Development Programs

More recently, FastStart’s workforce experts traveled to New Zealand to capture the detailed daily processes and workplace culture of a plant operated by Canada-based Methanex, the world’s largest methanol producer.

The trip represented a fusion of international initiatives on several levels. Methanex is taking apart and transporting an existing Chilean plant for reassembly and operation in Geismar, La. But Methanex wanted to use the culture and processes of its New Zealand plant for its reassembled Louisiana facility. To help Methanex do that, FastStart’s Lynn spent a week in New Zealand in May documenting essential daily processes, from employee screening to engineering, maintenance operations and information technology.

As with other analysis trips, the effort involved looking for ways to improve.

“We don’t just capture and document procedures, we also actively look for ways to improve those processes to achieve maximum efficiency when they locate here,” Lynn said. **EQ**

ELIGIBILITY FOR LED FASTSTART:

- Fit a target industry sector: digital media; headquarters and business operations; service industries; advanced and traditional manufacturing; warehouse and distribution; research and development
- Commit to creating a net of at least 15 new permanent manufacturing jobs or a net of at least 50 new permanent service-related jobs
- Complete a review for eligibility before the expansion or relocation project begins

COMPETITIVE EDGE

LOUISIANA’S WORKFORCE
SOLUTIONS YIELD GLOBAL GAINS

MOMENTUM >>> LOUISIANA

14 COMPANIES SAY 'YES' TO LOUISIANA

OCEANEERING INTERNATIONAL INC.

**200 NEW JOBS (1,700 RETAINED),
\$60,000 AVG. SALARY,
\$5 MILLION CAPITAL INVESTMENT**

In April 2012, Oceaneering International announced the 30,000-square-foot expansion of its Morgan City, La., facilities, which will support the creation of 200 new direct jobs. Louisiana Economic Development estimates these will result in another 407 indirect jobs. Upon completion of the expansion, the company will operate more than 200,000 square feet of facilities in Morgan City. LED FastStart™ will assist the company in screening, hiring and training new employees.

“The \$5 million facility expansion illustrates the commitment Oceaneering has to its Morgan City, La.-based business. It will also allow us to improve operational efficiencies between several service lines and further improve the quality of services we provide to our customers operating in the Gulf of Mexico as well as worldwide.”

PAT MANNINA
Oceaneering Vice President and General Manager for the Americas



METAL SHARK BOATS

**106 NEW JOBS (75 RETAINED), \$45,000 AVG. SALARY,
\$1.9 MILLION CAPITAL INVESTMENT**

In May 2012, Metal Shark Boats announced it would make an investment of \$1.9 million on an expansion to complete a contract to build 500 Response Boat-Small patrol vessels for the U.S. Coast Guard over the next seven years. Once the expansion is completed and in full production, the facility will produce one boat every four to five days. The project will result in an estimated 164 indirect jobs in Iberia Parish and across Acadiana.

The state will provide the company with the services of LED FastStart™, the nation's top-rated state workforce

development program. Metal Shark is also expected to utilize Louisiana's Industrial Tax Exemption and Quality Jobs programs.

“Metal Shark is excited to be working with Louisiana Economic Development in creating a program that will help grow our company, create new jobs for the community, and help further our goal of providing the best possible product to our customers.”

MATTHEW UNGER
COO and Vice President of Metal Shark Boats

SE TYLOSE

**30 NEW JOBS (270 RETAINED),
\$58,000 AVG. SALARY,
\$120 MILLION CAPITAL INVESTMENT**

In April 2012, Shintech Inc. announced a \$120 million investment by SE Tylose to build a hydroxyethyl cellulose, or HEC, plant at Shintech Louisiana's Plaquemine site. SE Tylose, a subsidiary of Shin-Etsu Chemical Co. Ltd. of Japan and sister company of Shintech, will produce HEC for latex paints that will create water-soluble coatings, adjust viscosity, improve adhesiveness, and prevent sedimentation of the colorants. The plant is expected to produce 9,000 tons of HEC annually and result in another 292 indirect jobs.

“We've experienced great success in Louisiana and the Capital Region, and we have every confidence that the outstanding business climate and quality infrastructure in Louisiana will only lead to greater outcomes for Shintech, for SE Tylose, and for our state and local partners.”

DAVID WISE
Shintech Louisiana Vice President

INTERNATIONAL PAPER

**411 RETAINED JOBS, \$69,000 AVG. SALARY,
\$44 MILLION CAPITAL INVESTMENT**

In May 2012, International Paper, a global paper and packaging company, announced it would invest \$44 million to modernize its Bogalusa, La., site. The project will help retain more than 400 jobs at the facility and nearly 1,700 in the community. The investment will retain the facility's jobs and improve the competitiveness of the mill by adding new equipment and technology. To secure the project, the state offered a \$2.2 million Modernization Tax Credit to assist with upgrades to the plant. The company also is expected to utilize the state's Industrial Tax Exemption Program.

“We are extremely pleased to have the State of Louisiana partner with us in modernizing the Bogalusa mill. This combined effort will help our mill become even more competitive – which is positive for our employees, Bogalusa and the surrounding communities, and International Paper.”

TODD CRUTCHER
International Paper Bogalusa Mill Manager



DMC CARTER CHAMBERS

**80 NEW JOBS (128 RETAINED), \$74,000 AVG. SALARY,
\$10 MILLION CAPITAL INVESTMENT**

In May 2012, DMC Carter Chambers announced the investment of \$10 million in the building of a new Highland Road headquarters. The company will consolidate an existing Highland Road corporate office and its Gonzales and Prairieville operations into a new 90,000-square-foot facility. Louisiana Economic Development estimates the project will result in an additional 115 indirect jobs in the region. LED will provide DMC Carter Chambers with a performance-based \$600,000 Economic Development Loan Program award and a \$400,000 Modernization Tax Credit, along with LED FastStart™ services. The company is also expected to utilize the state's Quality Jobs and Industrial Tax Exemption programs.

"DMC Carter Chambers is grateful for our continued success over the past 52 years. Our state-of-the-art expansion will further propel us into a bright future. This investment in Louisiana will have a positive impact on our employees and our clients, and will offer dynamic employment opportunities for the Greater Baton Rouge area."

JOEY JOBE
President and CEO of DMC Carter Chambers

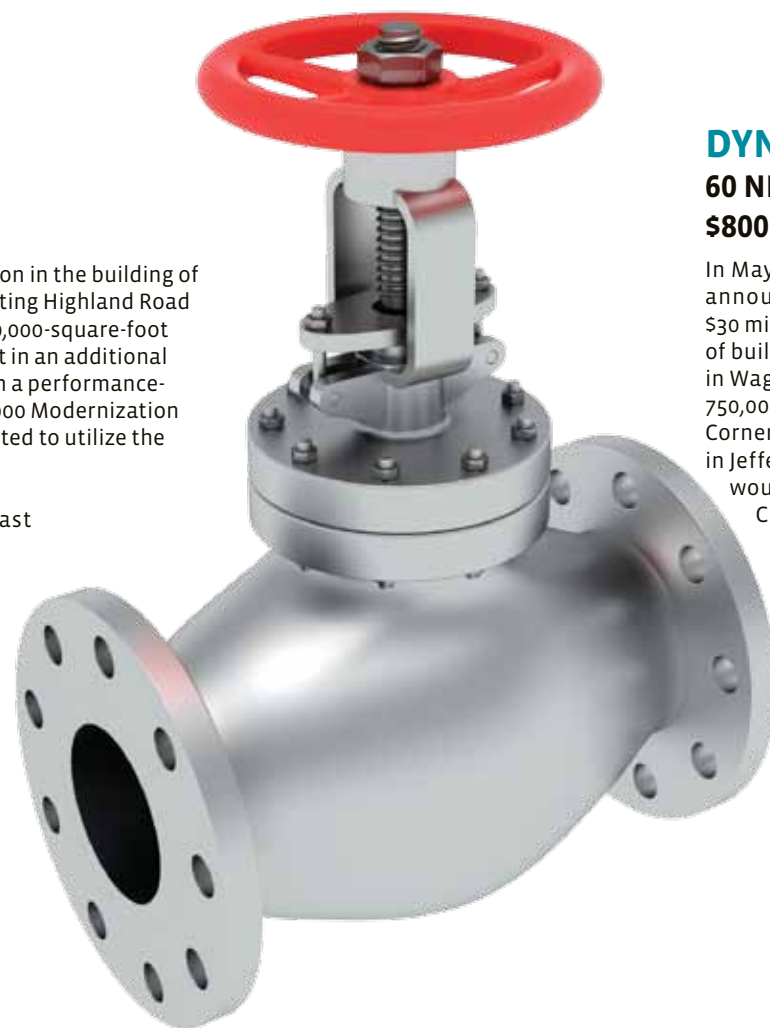
SEMPRA ENERGY

**130 NEW JOBS (60 RETAINED),
\$6 BILLION CAPITAL INVESTMENT**

In May 2012, Sempra Energy announced it had secured the third and final commercial agreement to develop a natural gas liquefaction export facility through a capital investment of approximately \$6 billion at the site of the company's existing Cameron LNG, or liquefied natural gas, terminal in Hackberry, La. The completed liquefaction facility's total LNG export capability of 12 Mtpa (metric tons per annum) will provide the natural gas equivalent of 1.7 billion cubic feet per day of LNG for worldwide markets. Sempra is expected to utilize Louisiana's Quality Jobs and Industrial Tax Exemption incentives in connection with the project.

"This project will bring extensive economic benefits to the region and the country, and will support the continued growth of our natural gas industries as well as international gas markets."

OCTÁVIO M.C. SIMÕES
President of LNG Operations at Sempra Energy



DYNO NOBEL

**60 NEW JOBS (441 RETAINED), \$58,000 AVG. SALARY,
\$800 MILLION CAPITAL INVESTMENT**

In May 2012, Dyno Nobel International announced it would complete a \$30 million study to establish the feasibility of building an ammonia production facility in Waggaman, La. The plant would produce 750,000 metric tons per year at the existing Cornerstone Chemical Company complex in Jefferson Parish. The proposed project would create 50 new jobs for Cornerstone Chemical, while Dyno Nobel would create another 10 permanent jobs at the site. The 60 total new jobs would result in 440 new indirect jobs.

Dyno Nobel would develop the anhydrous ammonia plant on a site where an ammonia plant once operated before closing more than a decade ago.

"The site currently has several downstream chemical plants operating and one that would off-take ammonia from the plant. In addition, it has a capital advantage, as the infrastructure for the ammonia plant already exists."

SIMON ATKINSON
President of Dyno Nobel International



RONPAK

100 NEW JOBS

In May 2012, Ronpak announced plans to relocate its corporate headquarters from New Jersey to Louisiana. The move will create 100 jobs in addition to the 175 manufacturing positions announced in 2011 for Ronpak's new Shreveport manufacturing center. The manufacturing center at The Port of Caddo-Bossier will also serve as Ronpak headquarters by the end of 2013. To secure both the expansion and the headquarters relocation,

the state is providing Ronpak a performance-based grant of \$2.25 million to offset equipment costs for the manufacturing center, as well as a performance-based grant of \$900,000 to offset leasing or financing costs related to the headquarters. Ronpak also will receive the services of LED FastStart™ and is expected to utilize the Quality Jobs and Industrial Tax Exemption programs.

"Only with the help of all the people of Louisiana could we have done this. Louisiana is a state that wants to help business succeed."

RON SEDLEY
Owner of Ronpak



NALCO CO.

**22 NEW JOBS (235 RETAINED), \$63,700 AVG. SALARY,
\$18.7 MILLION CAPITAL INVESTMENT**

In May 2012, Nalco Co. announced plans to build a dry polymer production facility at its Garyville, La., plant. Nalco, which completed a merger with Ecolab Inc. late last year, will produce dry polymers, which are used to remove contaminants from wastewater, increase production efficiency in the paper industry and recover minerals in the mining industry. The plant is set for completion at the end of 2012. Louisiana Economic Development estimates the facility will result in approximately 167 new indirect jobs.

"This new facility further strengthens our relationship with the community and the State of Louisiana, and we look forward to opening this facility and providing our customers with another innovative product solution."

JIM SEIFERT
Executive Vice President of Ecolab



MECO INC.

**127 NEW JOBS (81 RETAINED), \$47,000 AVG. SALARY,
\$11 MILLION CAPITAL INVESTMENT**

In June 2012, MECO announced it would build a new fabrication and office facility, creating 127 new direct jobs and resulting in 168 new indirect jobs. The new Mandeville, La., location will allow the company to better meet the demands of its water treatment customers around the world. To secure the project, LED offered MECO a forgivable performance-based, five-year loan of \$500,000 through the state's Economic Development Loan Program, and MECO will be eligible for a performance-based relocation grant of up to \$450,000. The company also will receive assistance from LED FastStart™ and is expected to utilize Louisiana's Quality Jobs and Industrial Tax Exemption incentives.

"LED and St. Tammany Parish officials have been instrumental in not only moving this project forward, but in positioning Louisiana at the forefront of one of our most pressing environmental issues – maintaining a supply of fresh water."

GEORGE GSELL
President of MECO Inc.



GRAPHIC PACKAGING INTERNATIONAL INC.

**47 NEW JOBS (456 RETAINED), \$45,000 AVG. SALARY,
\$8.6 MILLION CAPITAL INVESTMENT**

In June 2012, Graphic Packaging International announced the completion of the \$8.6 million expansion of its consumer carton facility in West Monroe. The latest expansion enabled the company to quadruple container production at the consumer carton plant and introduce innovative packaging for Kraft Foods Inc.'s Capri Sun beverages. To secure the project, Louisiana offered Graphic Packaging the state's Modernization Tax Credit, and the company received customized workforce solutions from LED FastStart™. The company also is expected to utilize the state's Industrial Tax Exemption program.

"We are proud of the partnership we have established with the great state of Louisiana and with LED. This investment has allowed for job growth and a positive impact to the state economy."

DAVID SCHEIBLE
CEO of Graphic Packaging International

HAYNES INTERNATIONAL

**19 NEW JOBS (141 RETAINED), \$38,000 AVG. SALARY,
\$37 MILLION CAPITAL INVESTMENT**

In June 2012, Haynes International, a leading producer of titanium hydraulic tubing for global aircraft manufacturers, announced plans to expand its Arcadia Tubular Facility. The \$37 million expansion will help the plant meet the rising demand for titanium tubing while creating 19 new jobs and retaining 141 jobs. The 35,000-square-foot addition is expected to be completed by the second quarter of 2013, increasing the total plant size to 200,000 square feet. To secure the project, Louisiana provided Haynes with the state's Modernization Tax Credit. The company also is expected to utilize the state's Industrial Tax Exemption and Quality Jobs programs.

"For more than 30 years we have been operating in Arcadia, La., and with this investment we will strengthen our footprint in Louisiana and improve our ability to service our customers around the world."

MARK COMERFORD
President and CEO of Haynes International



JWBP BROADCASTING LLC

3 NEW JOBS, \$5,000 SEBD ASSISTANCE

JWBP Broadcasting includes the radio stations KBCE and KMXH, both located in Alexandria, La., with a coverage area of 50 to 60 miles. The City of Alexandria provided JWBP Broadcasting with funding for training through the Small and Emerging Business Development Program in leadership. The training curriculum incorporated a high level of hands-on learning through the use of case study simulations and participant interaction. The experience consisted of a combination of onsite training and telephone follow-up coaching.

"This training provided my firm with the exact coaching methods and tools I needed to improve my company's performance. As a result, I plan to create three new jobs and anticipate an annual increase in revenues of \$71,000."

JERRY WILLIAMS
Owner of JWBP Broadcasting



LARWOOD CONSTRUCTION LLC

14 NEW JOBS, \$18,918 SEBD ASSISTANCE

In 2008, Larwood Construction started in Bunkie, La., with one employee and annual gross revenues of \$180,000. Through the Small and Emerging Business Development Program, Larwood Construction has received assistance with office management training, such as using QuickBooks, making invoices, and generating estimates; with brochure creation; with website development; and with project scheduling. Since its first involvement with the SEBD program, the company has added more than 25 jobs and is continuing to add new positions. Larwood Construction is striving for gross revenues of \$5 million in 2012.

"A successful company has to continually 'shed its skin.' Methods have to change and values have to grow. We are always looking for ways to improve."

JERRY LARWOOD II
Owner of Larwood Construction LLC



One Giant **STEP** for Geoshield



FAMOUSLY HOT, THE MIDDLE EAST MARKS AN IMPORTANT SALES TERRITORY FOR GEOSHIELD LLC, A LOUISIANA-BASED MAKER OF WINDOW COATINGS. GEOSHIELD PRODUCTS REDUCE HEAT INSIDE CARS AND BUILDINGS THROUGH SOPHISTICATED CERAMICS-BASED TECHNOLOGY.

In early 2012, a Louisiana initiative to boost small business exports allowed Geoshield's owners to do what they had never done in years of working in the Middle East: Meet their dealers in Saudi Arabia, Oman, Qatar and other nations.

But the weeklong trip wasn't just about making face-to-face connections with faraway clients for

Geoshield's window products. The trip resulted in the renewal of a five-year, \$1 million-plus deal for Geoshield. Through LED's State Trade and Export Promotion program, or STEP, the company will be reimbursed \$4,000 in trip-related expenses.

"If LED hadn't provided us (with support), we wouldn't have gone," said Burns Mulhearn, Geoshield's president.

Louisiana's exports surged 33 percent in 2011 to a record of \$55 billion, according to the World Trade Center of New Orleans. Exports to China expanded 13 percent last year, while those to Mexico doubled, according to center data. Experts cite the reach and efficiency of Louisiana's infrastructure assets, including its interstate and port system, as factors behind surging export growth.

LED's newly launched STEP initiative helps small firms capture a bigger share of Louisiana's export momentum by providing them with better access to foreign markets.

The U.S. Small Business Administration-funded program provides reimbursement for export-related activities, including overseas travel, website translation services, design of international marketing materials and trade show booth fees.

Expanding exports to China is a key priority of the program, and STEP provides a higher tier of reimbursement – up to \$9,000 – for qualified small companies looking to begin or expand exports there, said Larry Collins, LED director of international

services. Export-related travel and expenditures in other foreign markets are reimbursed in the range of \$5,000 to \$6,000, Collins said.

LED works with small business development centers around the state to identify companies that meet STEP requirements, which include being in operation for at least one year and operating at a profit.

Since its launch in January 2012, the program has seen 50 Louisiana small companies qualify for participation, said Bill Fousch, LED international project manager.

Those companies represent a spectrum of industries, from seafood producers to medical device makers, from motorcycle parts manufacturers to dredging companies, Fousch said. Small Louisiana firms are successfully using STEP to gauge export markets, including China.

Nearly 200 small companies have received education about exports and how to finance international trade because of the STEP initiative. "It's across the board," Fousch said. **EQ**



PHOTOS: A before and after look into Oscar®-winning film *Hugo*'s special effects created by Pixomondo.

DREAM FACTORY

Inside the world of Pixomondo

Pixomondo's stunning work on the feature film *Hugo* helped company contributors win a 2011 Academy Award for Best Visual Effects, but few moviegoers could appreciate how the studio accomplished the feat. Pixomondo deployed hundreds of artists in nine locations on three continents to create a seamless stream of production for *Hugo*. The 24/7 production cycle defines the innovative approach

of Pixomondo, which opened its 12th location in Baton Rouge, La., in May 2012.

John Parenteau, managing producer of Pixomondo North America, says working across time zones and languages allows the company to harness worldwide talent and deliver finished products fast. Founded in Germany in 2001, Pixomondo operates in Berlin, London, Beijing,

Shanghai, Toronto, Southern California and other sites. Recent projects include *Snow White and the Huntsman*, *Red Tails* and the second season of the popular HBO series *Game of Thrones*.

"The way we work is that we treat each division, no matter where it is, as though it's an office in the same building," Parenteau says. "We use videoconferencing and technical data management systems to allow our teams to communicate quickly. It's an intimate process that allows us to work on several aspects of a project at once and increase efficiency and responsiveness to our clients."

In Baton Rouge, Pixomondo chose a location at Celtic Media Centre, a 23-acre campus founded in 2005 with more than 231,000 square feet of stage and office space. It's the largest film and TV production studio in Louisiana,

where film production ranks third in the U.S., behind California and New York. Louisiana's pioneering film production tax credit is the leading program of its kind in the country; it is widely respected and valued from Hollywood to New York City.

Visual effects studios gravitate to cities with talent hubs, but Pixomondo believes visual effects artists are all over the globe. "We like the idea of finding these artists in their own communities," Parenteau says.

“ We like the idea of finding these artists in their own communities.”

— John Parenteau, Managing Producer of Pixomondo North America

Pixomondo Baton Rouge will hire 75 full-time employees by the end of its second year and will recruit local and national talent. The company is working with LED FastStart™, LED's turnkey workforce solutions program, to find and train workers.

Despite its decentralized business model, Pixomondo cultivates locations with strong local markets, Parenteau says. The choice of Baton Rouge was related to the high frequency of film production in the state. The Louisiana site hosts projects from studios with which Pixomondo regularly works.

"Our clients asked us to be in Louisiana," Parenteau says. "We don't expand on a whim. For us, it's very pointed growth and is often in response to our client base, to access to artistry and to give all of our artists a wider base of work." **EQ**



INTERNATIONAL DESTINATION: LOUISIANA

HOW LOUISIANA BECAME THE FDI
POWERHOUSE OF THE SOUTH AND A
NATIONAL LEADER IN EXPORT GROWTH

Louisiana has long fostered a business climate that appeals to foreign direct investment. Since 2006, the injection of new investment from international firms has almost doubled, skyrocketing Louisiana's overall cumulative FDI to more than \$40 billion in 2011, a figure that dwarfs historic levels seen in most of the South.



CONTAINER VOLUME AT THE PORT OF NEW ORLEANS HAS ALMOST DOUBLED IN THE PAST FIVE YEARS.

Louisiana has always had an international flair. Abundant natural resources in high demand, long-held trade relationships throughout the world, and 28 active ports and associated infrastructure that support international trade have nurtured the Pelican State's symbiotic relationship with imports and exports. Those same characteristics make Louisiana an ideal home for foreign direct investment.

"Louisiana's history of international trade is as old as the river," said Donald van de Werken, director of the U.S. Export Assistance Center in New Orleans. "Thomas Jefferson wanted this place for a reason. He knew the importance of having a river navigation system for economic vitality."

More than 20 percent of the nation's waterborne commerce passes through the Louisiana economy: fertilizer, industrial chemicals, lumber, pulp and paper, sand and gravel, steel, coal and grain. The nation's No. 1 port by tonnage is the Port of South Louisiana, with a record 274 million short tons of cargo in 2011, including 60 percent of all grain in the U.S.

The state's six deepwater ports are the Ports of New Orleans, Lake Charles, St. Bernard, Plaquemines, South Louisiana and Greater Baton Rouge. According to the U.S. Census Bureau, New Orleans ranks as the No. 1 custom district in the U.S. for exports. Louisiana also ranks No. 2,

with \$129.5 billion in annual goods received through its foreign-trade zones.

"The value of the state's deepwater ports can't be emphasized enough," said Joel Chaisson, the Port of South Louisiana's executive director.

Port Fourchon, a deepwater service port in South Louisiana, serves about 90 percent of all the deepwater activity in the Gulf of Mexico, said Executive Director Chett Chiasson. "The efficiencies that are in Port Fourchon to service the oil and gas industry exist nowhere else."

Furthermore, many of Louisiana's deepwater ports are experiencing significant growth. At the Port of New Orleans, container volume has almost doubled in the past five years, the result of increased demand from the petrochemical and agribusiness sectors, said Bobby Landry, the Port of New Orleans director of marketing.

Chaisson said the Port of South Louisiana has an ambitious growth program to build a new dock, improve infrastructure and absorb nearby St. John the Baptist Parish Airport. One of the biggest grain terminals in the country is under construction at the Port of Lake Charles. At the Port of Greater Baton Rouge, the new regional Maritime Security Operations Center, a grain terminal expansion and other infrastructure improvement projects are under way.

FDI SURGE

Foreign direct investment in the state continues to grow as well. The latest available complete national data indicates Louisiana's cumulative FDI of more than \$27.8 billion ranks the state third in the South, after only Texas and Florida, and 12th in the nation. On a per capita basis, Louisiana ranks third in the U.S.

With recently announced, huge FDI projects like gas-to-liquids complexes, world-scale chemical production facilities (e.g., methanol, ethylene) and other huge industrial projects, Louisiana's cumulative FDI is set to more than double in a short period of time, which is expected to result in the state jumping to second in the South and fourth in the U.S., behind only Texas, California and New York – all much larger states.

The state has been recognized for its impressive improvements to its business climate in recent years. *Area Development* magazine ranked Louisiana No. 6 in the nation in its 2011 ranking of Top States for Doing Business. Determined by leading site selection consultants, the *Area Development* report placed Louisiana at No. 3 for leading the economic recovery, No. 4 for workforce programs and No. 4 for the best overall business environment.






















Beyond the positive business climate, Louisiana's use of innovative site selection technology has saved international corporations valuable time and money in making investment decisions.

Sasol Ltd., a South African energy and chemicals company, has selected Calcasieu Parish in Southwest Louisiana as the home for a planned GTL, or gas-to-liquids, complex that represents a capital investment of roughly \$10 billion. At full production, the facility will consume an estimated \$1.3 billion to \$1.5 billion annually in natural gas at current prices, providing a huge new source of demand for the Haynesville Shale and other natural gas plays in Louisiana.

LED's Business Expansion and Retention Group, or BERG, amassed complex layers of site data to help Sasol make its refinery site decision. BERG utilized innovative GIS mapping technology to recommend locations that would optimize Sasol's criteria for a site. The GIS work, and collaboration with the Port of Lake Charles to secure land options, saved the company months of planning and preparation time and helped make the Louisiana proposal Sasol's preferred option.

Sasol also is conducting a feasibility study (to be completed by 2013) that may lead to construction of a \$3.5 billion to \$4.5 billion, world-scale ethylene production site near its Lake Charles Chemical Complex in Westlake, La. If Sasol moves forward with the project, it would be one of the largest ethylene cracking facilities in the U.S. Additionally, construction is under way on Sasol's \$175 million ethylene tetramerization unit, also at the Lake Charles Chemical Complex.

SELECTED EXAMPLES OF COUNTRIES DOING BUSINESS WITH LOUISIANA

AUSTRALIA	
BELGIUM	
BRAZIL	
CANADA	
CHILE	
CHINA	
FRANCE	
GERMANY	
INDIA	
ISRAEL	
ITALY	
JAPAN	
KOREA	
MEXICO	
NETHERLANDS	
NORWAY	
PANAMA	
PERU	
PHILIPPINES	
RUSSIA	
SOUTH AFRICA	
TURKEY	
UNITED KINGDOM	

WORKFORCE STRENGTHS

SNF Floerger, a privately held French company with U.S. headquarters in Georgia, already has invested \$220 million toward a \$350 million, 510-job project to develop an 800-acre site in Iberville Parish. The project will expand SNF’s production of water-soluble polymers, primarily for use in enhanced oil recovery. The new facility is operating under the name Flopam Inc.











“This facility is the largest single greenfield investment in the history of our company,” said SNF President Peter W. Nichols. The project was made possible “with tremendous support from the State of Louisiana and many individuals in Iberville Parish,” Nichols said. “We look forward to executing our construction plans over the next few years, and having a lasting impact on the parish and state.”

LED worked with SNF to find the site, and the state created a customized incentive package that gave Louisiana a clear edge over other competing locations. SNF cited financial incentives, the state’s trained workforce and freight costs as the primary reasons for locating in Louisiana.

LED FastStart,™ named the No. 1 state workforce program in the U.S. three years in a row by *Business Facilities* magazine, represented one of the most compelling incentives for SNF. Early on, FastStart provided recruiting, screening, pre-hire training and assessments to help SNF meet its initial hiring needs.

Near the SNF site, a subsidiary of Japan-based Shin-Etsu Chemical Co. Ltd., SE Tylose, also plans to utilize LED FastStart in establishing a new chemical production plant. Shin-Etsu’s North American entity, Shintech, has made a multibillion-dollar investment in Louisiana plastics production in the past decade. Now, sister firm SE Tylose

TOP 10 CUMULATIVE PER CAPITA FDI

	ALASKA.....	47,652
	WYOMING.....	18,203
	LOUISIANA	6,560
	KENTUCKY.....	6,337
	HAWAII	5,933
	INDIANA.....	5,828
	DELAWARE.....	5,511
	SOUTH CAROLINA.....	5,504
	COLORADO.....	5,278
	ALABAMA.....	4,504

will invest \$120 million to build a hydroxyethyl cellulose, or HEC, plant at Shintech’s site near Plaquemine. SE Tylose will produce HEC chiefly for latex paints.

“We’ve experienced great success in Louisiana and the Capital Region,” said David Wise, Shintech Louisiana vice president. “We have every confidence that the outstanding business climate and quality infrastructure in Louisiana will only lead to greater outcomes for Shintech, for SE Tylose, and for our state and local partners.”



LOUISIANA IS FAST BECOMING THE ‘BEST PLACE IN THE WORLD’ TO GROW BUSINESSES

A dramatic transformation in tax structure, workforce training, regulatory environment and incentives has made Louisiana fertile ground for new business investment and job creation.

In February, the Tax Foundation ranked Louisiana one of the lowest-cost business tax states in the nation, **NO. 2 FOR NEW FIRMS AND NO. 10 FOR MATURE FIRMS. FOR NEW MANUFACTURING OPERATIONS, LOUISIANA RANKED NO. 1 IN THE U.S.**

Since 2008, the state has eliminated the sales taxes on manufacturing machinery and equipment and the franchise tax on corporate debt, has eliminated the sales tax on business utilities and natural gas, and has substantially enhanced Louisiana’s research-and-development tax credit. The state also offers one of the lowest unemployment insurance tax burdens in the U.S.

In May 2012, *Chief Executive* magazine revealed that CEOs nationwide rank Louisiana as the **MOST IMPROVED STATE FOR BUSINESS IN THE U.S.**, according to the magazine’s Best/Worst States for Business ranking.

The Center for Public Integrity named **LOUISIANA NO. 1 AND THE MOST IMPROVED STATE IN THE NATION FOR FINANCIAL DISCLOSURE LAWS.** Government ethics reforms enacted by Gov. Bobby Jindal and the Louisiana Legislature continue to gain positive national attention.

LOUISIANA RANKS THIRD IN THE U.S. IN SITE SELECTION MAGAZINE’S ANNUAL GOVERNOR’S CUP AWARDS, as measured by the quantity of significant business wins per capita in a calendar year. *Site Selection* also ranked **LOUISIANA NO. 7 IN THE NATION FOR BEST STATE BUSINESS CLIMATE.**

Many incentives make Louisiana attractive to businesses. LED FastStart provides free workforce recruitment, screening and training to eligible, expanding companies. The transformation continues, but Louisiana is well on its way to becoming **“THE BEST PLACE IN THE WORLD TO CREATE AND GROW BUSINESSES AND FIND A REWARDING CAREER,”** Gov. Jindal said.



DIGITAL INTERACTIVE MEDIA AND SOFTWARE DEVELOPMENT INCENTIVE

Provides a 25 percent tax credit for qualified production expenditures and a 35 percent tax credit for Louisiana resident labor expenditures.

INDUSTRIAL TAX EXEMPTION PROGRAM

Provides property tax abatement for up to 10 years on a manufacturer’s new investment and annual capitalized additions. The Quality Jobs Program provides up to a 6 percent rebate on

annual payroll expenses for up to 10 years and either a 4 percent sales tax rebate on capital expenditures or an investment tax credit equal to 1.5 percent of qualifying expenses.

COMPETITIVE PROJECTS PAYROLL INCENTIVE

Allows LED to rebate up to 15 percent of new payroll for 10 years (a marked increase over the current 6 percent rebate) for highly competitive projects

in target sectors, including durable goods manufacturing, pharmaceutical manufacturing, gas-to-liquids conversion and data services.

WINNING COMBINATIONS

Major chemical sites aren't the only foreign direct investment Louisiana is luring. The state increasingly attracts FDI ventures in other industries because Louisiana can provide talent in strategic sectors.

Paris-based Gameloft, one of the world's leading publishers of mobile video games, opened a New Orleans game development studio in October 2011 because the state offered a winning combination of digital media incentives (tax credits of up to 35 percent on Louisiana-based payroll) and an abundance of local brainpower.

Gameloft needed to know New Orleans could attract 150 top-notch programmers, animators and support staff for the studio, said David Hague, studio manager for Gameloft New Orleans.

LED FastStart launched a custom Gameloft New Orleans website and advertised on social media sites, including Facebook and Web portals frequented by game software professionals. A banner ad promoting New Orleans as a fun place to work and live, for instance, would pop up on the Facebook home page of people with a background in video game programming.

"In the first seven weeks, we got 1,350 résumés," said Jeff Lynn, LED's executive director of workforce development programs. "Once the Gameloft people went through them, they found that 700 were qualified." Those numbers "blew away" officials with the video game company, Lynn said.

"As we seek to expand our presence in the U.S. we are looking for the most talented gaming professionals to help us maintain our position as an industry leader in >>>

LOUISIANA: GOING PLACES



In 2011, Louisiana's per capita exports reached \$12,049 (\$55.1 billion in total exports), making it No. 1 in the nation for the second year in a row. The state achieved a stunning 33 percent increase in global exports from 2010 to 2011, ranking its rate of growth No. 4 nationwide and No. 1 out of the Top 20 leaders in exporting.

Some 2,700 Louisiana companies contributed to that record haul. And more than eight in 10 of those companies are categorized as small or mid-sized companies. Increasingly, exports are everyone's business.

"In order to survive in today's global economy, businesses have to market themselves outside of traditional boundaries," said Donald van de Werken, director of the United States Export Assistance Center in New Orleans.

Deborah Fehr-Niswanger established Military Truck Parts Inc. in Many, La., in 1992 to tap into the export market. "My husband and I were dealing in the local drivetrain repair business with Many Gear and Axle (established in 1986) when we finally got a break to do business with the U.S. military at Fort Polk," Fehr-Niswanger said. "I decided we needed to start working toward exports, because there were so many opportunities out there for business with foreign military."

Beginning with the Taiwanese army in 1996, the company has exported to eight countries in its 20-year history. "Exporting is not as hard as it seems," Fehr-Niswanger said. "The Department of Commerce and LED are there to guide you and help with different support services and incentives."

Military Truck Parts utilizes the state's Enterprise Zone and Industrial Tax Exemption programs and several tax and employment credits. "Tax credits certainly encourage business in Louisiana, but I could have done business anywhere," she said. "I love Louisiana. It's a great place to live and raise a family. The people have a good work ethic, and there is lots of space to grow."

Guy Barone Jr., president and chief executive officer of Xenetech Inc. in Baton Rouge, La., agrees. As an exporter, he could establish his physical company anywhere. Louisiana attracted him not only because it's home and offers incentives and credits, but because of its rich international trade history.

"Due to that history, ports presence and the established, multinational corporations, Louisiana has a great deal of exporters' intellectual capital," Barone said. "Smaller companies like mine can leverage that multinational experience by benefiting from the stable and qualified workforce and suppliers who serve the petrochemical industry and are used to meeting requirements and specs for higher quality. As a result of that multinational leverage, we are competitive globally."



INDIA-BASED DR. REDDY'S FOUND THE PERFECT EXPANSION OPPORTUNITY IN SHREVEPORT, LA.













digital and social games," said Samir El Agili, Gameloft general studio manager for the U.S. and Latin America. "New Orleans presents the perfect opportunity to not only draw from a rich talent pool, but to incorporate the unique and world-class culture in which the studio resides into our own as well."

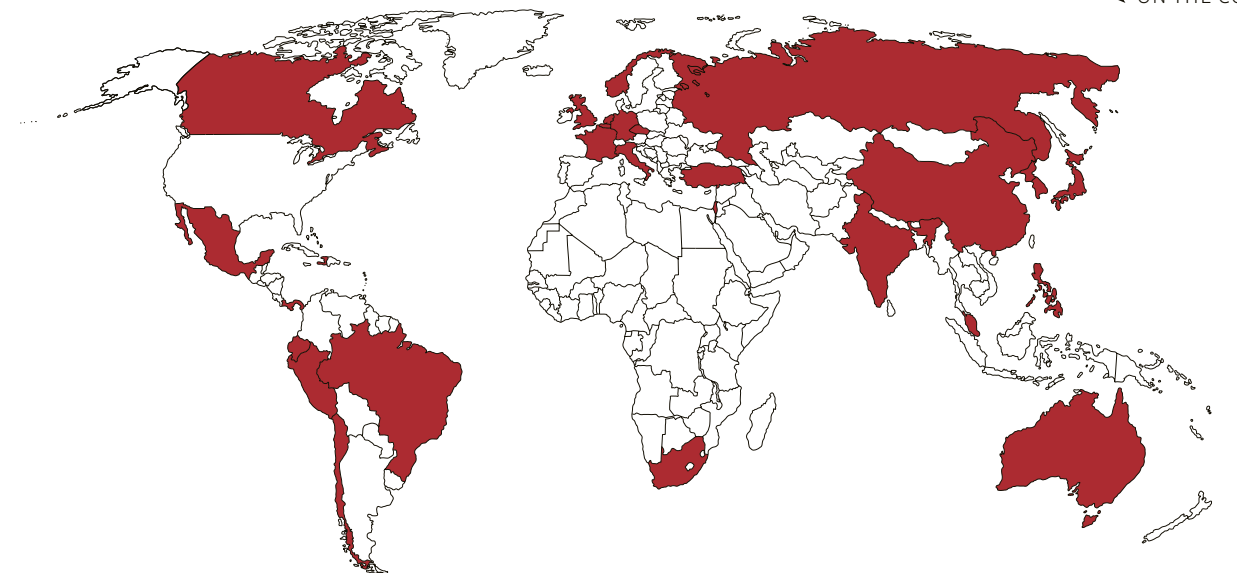
When India-based Dr. Reddy's Laboratories Ltd. wanted to expand its North American pharmaceutical operations, the company found the perfect marriage of location, workforce and incentives right at its front door – in Shreveport, La. That location is the largest producer of silver sulfadiazine cream and the second-largest producer of prescription ibuprofen for the North American market.

LED, the North Louisiana Economic Partnership and the City of Shreveport successfully recruited Dr. Reddy's and its new \$16.5 million capital investment to Louisiana. Working with Dr. Reddy's to attract new employees, LED FastStart designed more than a dozen computer-based training courses.

Fast implementation of the expansion made an immediate impact on the facility's production. Dr. Reddy's produced more than 3.1 billion tablets in 2011, more than doubling its 2009 production.

TOP 10 CUMULATIVE PER CAPITA FDI: SOUTHERN STATES

	LOUISIANA	6,560
	SOUTH CAROLINA.....	5,504
	ALABAMA	4,504
	TEXAS	4,019
	TENNESSEE	3,390
	NORTH CAROLINA	2,994
	OKLAHOMA.....	2,701
	GEORGIA	2,532
	MISSISSIPPI	2,481
	VIRGINIA	2,432
	ARKANSAS	2,164
	FLORIDA.....	1,640



BRINGING BUSINESS HOME

Domestic companies are even bringing FDI from other nations back to Louisiana. In late 2011, Maritime International announced an \$8 million manufacturing expansion of its Broussard, La., headquarters. The biggest surprise came when Maritime officials revealed the expansion would welcome back the production of mooring systems from China.

The Maritime move represents a rising trend in reshoring among U.S. manufacturing companies as wage rates in other countries rise, said Hal Sirkin, a senior partner in the Boston Consulting Group. An expert on globalization and operational challenges, Sirkin believes that by about 2015, the cost of manufacturing appliances, computers and electronics, transportation goods, plastics and rubber in the U.S. will be less than 10 percent higher than in places like China.

“Then, when you start adding in things like delivery and being far away from the customer, having lots of inventory on the water, intellectual property risks, and even country risks, it begins to make sense for companies to start bringing the goods back to America,” Sirkin said. “A fairly conservative estimate is that \$100 billion to \$120 billion worth of goods could return to the U.S.”

Louisiana is working to capture some of that reshoring, as well as international trade in automotive, aerospace, biofuels and distribution centers, by developing a master plan for international commerce. Louisiana Senate Bill 723, passed by the Louisiana Legislature on June 1, paves the way for the creation of a new Office of International Commerce within LED. LED will work with a 23-member board of business representatives from across the state to devise a master plan.

The plan will include an assessment of Louisiana’s existing leadership role in international commerce compared to other states in the U.S.; an analysis of relevant global and regional trends impacting FDI and trade; benchmarking of state and local international commerce activities

A fairly conservative estimate is that **\$100 BILLION TO \$120 BILLION** worth of goods could return to the U.S.

—Hal Sirkin, Senior Partner in the Boston Consulting Group

compared to other states and regions; a clear strategy to expand Louisiana’s role in international commerce; and the identification and prioritization of specific projects that will best promote that expansion. **EQ**

TOP 10 PER CAPITA U.S. EXPORTERS

LOUISIANA	12,049
TEXAS	9,732
WASHINGTON	9,463
ALASKA	7,248
VERMONT	6,909
UTAH	6,719
DELAWARE	6,073
SOUTH CAROLINA	5,144
MICHIGAN	5,144
PUERTO RICO	5,032



NEW WORLD for **NATURAL GAS**



The advent of low, stable natural gas prices from Louisiana's Haynesville Shale and other similar shale plays around the country is catalyzing a renaissance in the chemical and energy industries in the U.S. Although the entire country will benefit from low natural gas prices, Louisiana has been working to position itself as the destination of choice for major downstream projects that will utilize natural gas as a fuel and a feedstock. In just the last 12-18 months, projects representing tens of billions of dollars in new capital investment have been announced.

A unique set of assets gives Louisiana a competitive edge, including superior oil and gas infrastructure, established and emerging shale deposits, a thriving chemical sector demanding liquid feedstocks, and an intermodal transportation network that can reach national and global markets.

Topping the list is a natural gas supply that's setting historic precedents for volume and affordability. Low, stable prices have lured new projects to Louisiana that range from a \$450 million advanced biofuels refinery in Central Louisiana to a \$10 billion gas-to-liquids refinery in Southwest Louisiana.

"The energy market in Louisiana now is as good as it's been in the last 20 or 30 years," said David Dismukes, professor and associate executive director of the Center for Energy Studies at Louisiana State University. "The difference now is that we have all kinds of new opportunities, both upstream and downstream."

With natural gas prices falling and a robust chemical corridor likely to buy natural gas, the conditions in Louisiana are favorable for new kinds of energy expansion, said Tommy Kurtz, executive director of LED's Business Expansion and Retention Group. "We're seeing three dynamics at work: continued drilling, value-added production for manufacturing facilities and for export, and downstream chemicals production," he said.

In the past decade, the state's well-established conventional oil and gas sector was rounded out with substantial, unconventional natural gas onshore holdings in North Louisiana. The Haynesville Shale play emerged as a significant finding after 2005 and remains one of the largest shale plays in North America and the world. It contains more than 250 trillion cubic feet of natural gas.

In the U.S., shale plays collectively hold enough fuel to sustain domestic energy needs for the next century, and

Drilling activity here **INCREASED 180%** from 2005 to mid-2010, and production **INCREASED 412%** from 2005 to the end of 2011, says Dismukes.

advancements in recovery – such as horizontal drilling and hydraulic fracturing – have made it possible to extract these resources.

The Haynesville Shale play has sparked more than \$10 billion in new business sales within the state, according to Louisiana economist Loren Scott. Drilling activity here increased 180 percent from 2005 to mid-2010, and production increased 412 percent from 2005 to the end of 2011, says Dismukes.

Additional shale plays recently emerged elsewhere in Louisiana. The Tuscaloosa Marine Shale is a large, unconventional resource that spans from Central Louisiana to Southwest Mississippi and is believed to have generous reserves of crude oil and other liquid hydrocarbons. Conservative estimates from the Louisiana Geological Survey place the reserve potential at 7 billion barrels. Additionally, the new Smackover/Brown Dense Shale development in North Louisiana presents new opportunities for exploration and production.

These findings – coupled with Louisiana’s strong oil and gas infrastructure, transportation network and favorable business climate – have attracted foreign direct investment in the billions and have ushered in a period Dismukes calls “the second phase of Louisiana’s shale history.”

In July 2011, Cheniere Energy Inc. announced plans to build one of the first natural gas liquefaction facilities in North America at Cheniere’s Sabine Pass import terminal on Louisiana’s southwestern border. With natural gas prices lower, Cheniere saw the opportunity to expand

The Cheniere Energy project will bring an investment of **\$6.5 BILLION** – one of the biggest in Louisiana’s history – and will create **148 NEW DIRECT JOBS.**

the terminal into a two-way facility capable of exporting liquefied natural gas to the global market in addition to receiving LNG for regasification. The new project will bring an investment of \$6.5 billion – one of the biggest in Louisiana’s history – and will create 148 new direct jobs. The project also retains 77 positions.

“Our liquefaction project will provide thousands of (direct and indirect) jobs in Southwest Louisiana while connecting the state’s natural gas industry to global markets, making Louisiana the world’s first dual importer and supplier of LNG,” said Cheniere Chairman and CEO Charif Souki.

In September 2011, South African energy giant Sasol Ltd. selected Calcasieu Parish, La., as the location for a planned gas-to-liquids, or GTL, complex. The company already had relocated its R&D headquarters to Calcasieu Parish and established the world’s first commercial ethylene tetramerization unit there. The new project would cost approximately \$10 billion and would yield 850 direct and 4,000 indirect jobs.

Two months later, Sasol announced a related project in Louisiana. The company reported it would explore construction of a \$3.5 billion to \$4.5 billion ethylene production site beside the GTL facility. A feasibility study is under way.

A world leader in converting natural gas to clean-burning liquids, Sasol can provide GTL fuel for manufacturing facilities and fleet vehicles. Unlike compressed natural gas, GTL fuel does not require significant infrastructure changes to vehicles or fueling stations. Sasol operates other GTL sites, but its Louisiana project is the only one linked to a company facility that produces and exports downstream chemicals.

“In all of our other GTL plants, we’re only looking at producing fuels,” said Mark Schnell, director of New Business Development for Sasol North America. “Here, we are looking at producing other downstream chemicals, which underscores what a great opportunity we see here to establish an integrated project.”

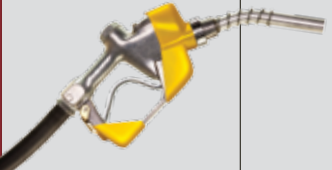




Sasol Public Affairs Manager Michael Hayes adds that Louisiana’s historic participation in the petrochemical sector means the state has a strong workforce pipeline of engineers, research scientists and related fields. “We’re going to need a lot of these people,” he said. “And the state has tremendous resources in this regard.”

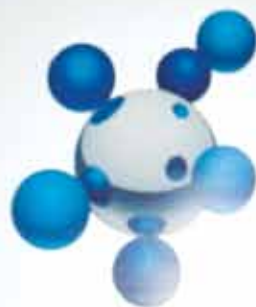
In the second quarter of this year, Sempra Energy announced it had secured its third and final commercial agreement to develop a \$6 billion natural gas liquefaction export facility at the site of its existing Cameron LNG terminal in Hackberry, La. The project will create 130 new direct jobs, while retaining 60 existing positions. The project is also expected to generate an estimated 610 permanent new indirect jobs, as well as 3,000 construction jobs at peak activity.

Said Octávio M.C. Simões, president of Sempra Energy’s LNG operations, “This project will bring extensive economic benefits to the region and the country, and will support the continued growth of our natural gas industries as well as international gas markets.” **EQ**



	NATURAL GAS AS A FUEL		NATURAL GAS AS FEEDSTOCK		
	GAS TO LIQUIDS	NATURAL GAS LIQUEFACTION	ETHYLENE-BASED	METHANOL-BASED	AMMONIA-BASED
LOUISIANA SUCCESSES (ANNOUNCED OR PLANNED)	SASOL \$10 BILLION CAPITAL INVESTMENT, 850 NEW JOBS	CHENIERE ENERGY \$6.5 BILLION CAPITAL INVESTMENT, 148 NEW JOBS	SE TYLOSE \$120 MILLION CAPITAL INVESTMENT, 322 NEW JOBS	METHANEX \$550 MILLION CAPITAL INVESTMENT, 130 NEW JOBS	DYNO NOBEL \$800 MILLION CAPITAL INVESTMENT, 60 NEW JOBS
		SEMPRA ENERGY \$6 BILLION CAPITAL INVESTMENT, 130 NEW JOBS			
POTENTIAL END PRODUCTS	<ul style="list-style-type: none">• DIESEL FUEL• JET FUEL• GASOLINE 	<ul style="list-style-type: none">• HEAT• ELECTRICITY• GAS RANGE FUEL 	<ul style="list-style-type: none">• CERAMICS• COSMETICS• CRAYONS• PLASTICS• PAINTS AND COATINGS• INKS 	<ul style="list-style-type: none">• PLYWOOD• FLOORING• VINEGAR• PLASTICS• PAINTS AND COATINGS• INKS	<ul style="list-style-type: none">• EXPLOSIVES• FERTILIZER• DISHES• CAFETERIA TRAYS• PAINTS AND COATINGS

sasol
reaching new frontiers



EQ&A

MARK SCHNELL

DIRECTOR, NEW BUSINESS DEVELOPMENT, SASOL NORTH AMERICA

Sasol, a South Africa-based global leader in liquid fuels and chemicals, draws on natural gas for key reactions that shape its products. Increasingly, the company is looking to Louisiana as a haven for that production. Mark Schnell tells us why Louisiana offers such a compelling business environment for Sasol.

[EQ] Sasol recently relocated its R&D headquarters and established the world's first commercial ethylene tetramerization unit in Calcasieu Parish, La. The company has also commenced detailed planning work for two major projects – a \$10 billion Gas-To-Liquids complex and a world-scale ethylene cracker complex, both of which would be located in Southwest Louisiana. Why is Louisiana such a good fit for Sasol?

[A] Louisiana, in our experience, has appreciated and encouraged new technologies. It's also extremely well located. Ethane and natural gas are readily accessible from a feedstock-supply point of view. Logistically, it's a good fit. We have the opportunity for both inbound and outbound product. The Gulf Coast is an attractive place to build, with plenty of construction resources. And of course, we have found a very investment-friendly environment in Louisiana. We've found an open-door policy among state leaders and tremendous enthusiasm to grow the Gulf Coast's oil and petrochemical sectors and to support the future energy needs of the country.

[EQ] The Gas-To-Liquids complex is slated to be the first plant in the U.S. to produce GTL transportation fuels and other products. What's the significance of these fuels in the energy mix today?

[A] As a company, we've been looking for a long time at where GTL fits in the U.S., and it's recently made sense from a supply-and-demand standpoint. The product is very unique in that it takes a local, abandoned resource and converts it in an incredibly

effective manner. We chemically convert natural gas into liquids – extremely high-quality liquid fuels – which can be blended and can enter the market in a variety of ways. GTL fuels will not require the same kinds of infrastructure changes that you see in something like compressed natural gas.

[EQ] Has Louisiana's permitting process worked efficiently?

[A] It's been a favorable and supportive environment to get what we need and to help us design a plant that is responsible to the community. We take our environmental commitment very seriously. We expect to build a world-class facility, from a technological standpoint as well as an environmental one.

[EQ] Since 2010, Louisiana has used GIS mapping technology to help large manufacturing facilities optimize their site selection search process by comparing detailed technical specifications of several properties at once. Site selectors can download this information on iPads as they tour facilities. Did this shorten the process for the company?

[A] LED's GIS capabilities took us from the start of the process to a site in an incredibly short amount of time. It accelerated the process by at least six months, maybe more. The right site was important, because what we're focusing on with these projects is co-locating the facilities so we can share resources and infrastructure.

FRESH INCENTIVES FOR A COMPETITIVE WORLD

LOUISIANA ADDS 4 NEW INCENTIVES TO ITS LINEUP.

Already armed with competitive incentives and one of the nation’s best business climates, Louisiana enhanced its site selection tool kit in 2012 with groundbreaking incentives for global and domestic prospects.

Louisiana’s arsenal now includes powerful incentives targeted for corporate headquarters, research and development centers, clean technology projects, durable goods manufacturing, data services and other highly competitive sectors.

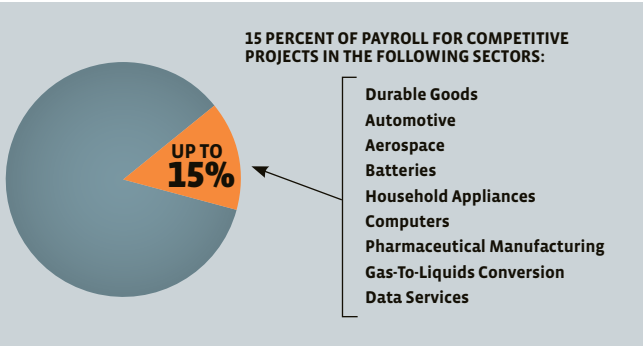
“The idea is to quickly find a competitive site, and then focus on Louisiana’s incentives and other aspects of its competitiveness,” said Brian Warsham, an LED site consultant.

The new tools accentuate Louisiana’s leadership as a low-cost place to operate. In a 2012 Tax Foundation study, the state ranked No. 2 for lowest tax burdens faced by new firms. Louisiana’s lineup of four new incentives bolsters its ability to win highly competitive business projects and will help it continue to outpace the South and the U.S. in job growth.



COMPETITIVE PROJECTS PAYROLL INCENTIVE

This new rebate offers unparalleled value to durable goods manufacturers, including automotive plants. LED’s Competitive Projects Payroll Incentive allows for a maximum of 15 percent of payroll for competitive projects in the following sectors: durable goods, automotive, aerospace, batteries, household appliances, computers, pharmaceutical manufacturing, gas-to-liquids conversion and data services. The incentive would be offered each year for 10 years, subject to approved contract terms.



CORPORATE TAX APPORTIONMENT PROGRAM

With this incentive, LED for the first time can offer nonmanufacturing companies the ability to base corporate income tax on a single factor: in-state sales. Eligible projects would include headquarters relocation, logistics and warehousing, data centers, clean technology, destination healthcare, research and development, renewable energy, and digital media and software development.



25%

REBATE OVER FIVE YEARS

CORPORATE HEADQUARTERS RELOCATION PROGRAM

Designed to attract the headquarters of Fortune 1000 companies, this incentive applies to U.S. and international firms alike. The program allows LED to offer a 25 percent rebate over five years on qualifying facilities and relocation costs for highly competitive relocation projects.

PROPERTY TAX EXEMPTION FOR NONMANUFACTURING FIRMS

Nonmanufacturing projects also may derive benefits through this newly created incentive, which extends the state’s 10-year Industrial Tax Exemption Program to competitive nonmanufacturing projects in the state.

Pending its approval by voters in a statewide referendum in the fall, this program will be available in parishes where local governments elect to participate.

THE NEW PROGRAMS BOLSTER LOUISIANA’S EXISTING SLATE OF INNOVATIVE BUSINESS INCENTIVES, WHICH INCLUDE:

LED FastStart™, ranked the No. 1 workforce program in the nation, offers customized recruiting, screening and training solutions at no cost for eligible new and expanding companies.



The Digital Interactive Media and Software Development Incentive, a 25 percent tax credit for qualified software and digital media development expenses, as well as a 35 percent tax credit on Louisiana-based payrolls.



The Quality Jobs Program, a 5 percent to 6 percent rebate on yearly payroll expenditures, as well as either a 4 percent sales tax rebate on capital expenditures or an investment tax credit equal to 1.5 percent of qualifying expenses.





“Site selection today involves speed, and Louisiana’s initiative recognizes that.”

— Brian Warsham, LED Site Consultant

SITE ADVANTAGE

Meanwhile, Louisiana continues to add depth and quality to the state’s inventory of competitive sites available to a broad range of prospects.

In January, Louisiana launched additional improvements in its certification of sites ready for rapid development. The state offers 21 certified sites closely vetted for proximity to ports, rail and utilities as well as thoroughly evaluated for environmental and cultural impacts.

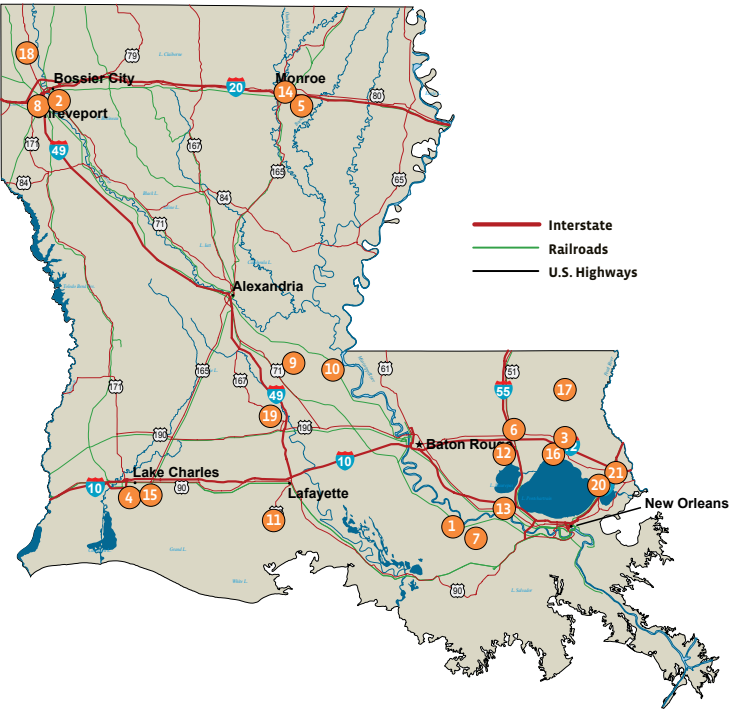
Through the site initiative, Louisiana continues to refine its certification process to add speed and certainty, while also increasing the number and quality of available sites.

Technology is expediting the site selection process. For example, the Louisiana Site Selection Center offers free

access through LED’s website to detailed reports on certified sites and other sites available for development.

LED has also deployed geographic information system, or GIS, mapping technology to identify the best sites for business development, regardless of whether the sites are being actively marketed. Sasol Ltd., the South Africa-based energy company, estimated LED’s technology applications shaved at least six months from the company’s search for a site near Lake Charles, La.

“Site selection today involves speed, and Louisiana’s initiative recognizes that,” Warsham said. **EQ**



CERTIFIED SITE EXAMPLES

1. Donaldsonville Industrial Park
Donaldsonville, LA (60 acres)

2. North Whittington Property
Shreveport, LA (90 acres)

3. River Chase
Covington, LA (68 acres)

4. Industrial Park East
Lake Charles, LA (325 acres)

5. Charleston Industrial Park
Monroe, LA (700 acres)

6. Airport Plaza
Hammond, LA (20 acres)

7. Pointe Sunshine
Donaldsonville, LA (987 acres)

8. I-20 Greenwood Road
Shreveport, LA (313 acres)

9. Bunkie Industrial Park
Bunkie, LA (148 acres)

10. Pointe Coupee Port and Industrial Park
Lettsworth, LA (44 acres)

11. Deere Park
Abbeville, LA (23 acres)

12. Conrad Anderson
Hammond, LA (40 acres)

13. GlobalPlex
Reserve, LA (130 acres)

14. Millhaven Plantation
Monroe, LA (726 acres)

15. Chennault Southwest Site
Lake Charles, LA (343 acres)

16. Nord du Lac
Covington, LA (231 acres)

17. Franklinton Industrial Park
Franklinton, LA (88 acres)

18. Ward II Industrial Park
Vivian, LA (931 acres)

19. Evangeline Ward One
Industrial Park Expansion
Ville Platte, LA (97 acres)

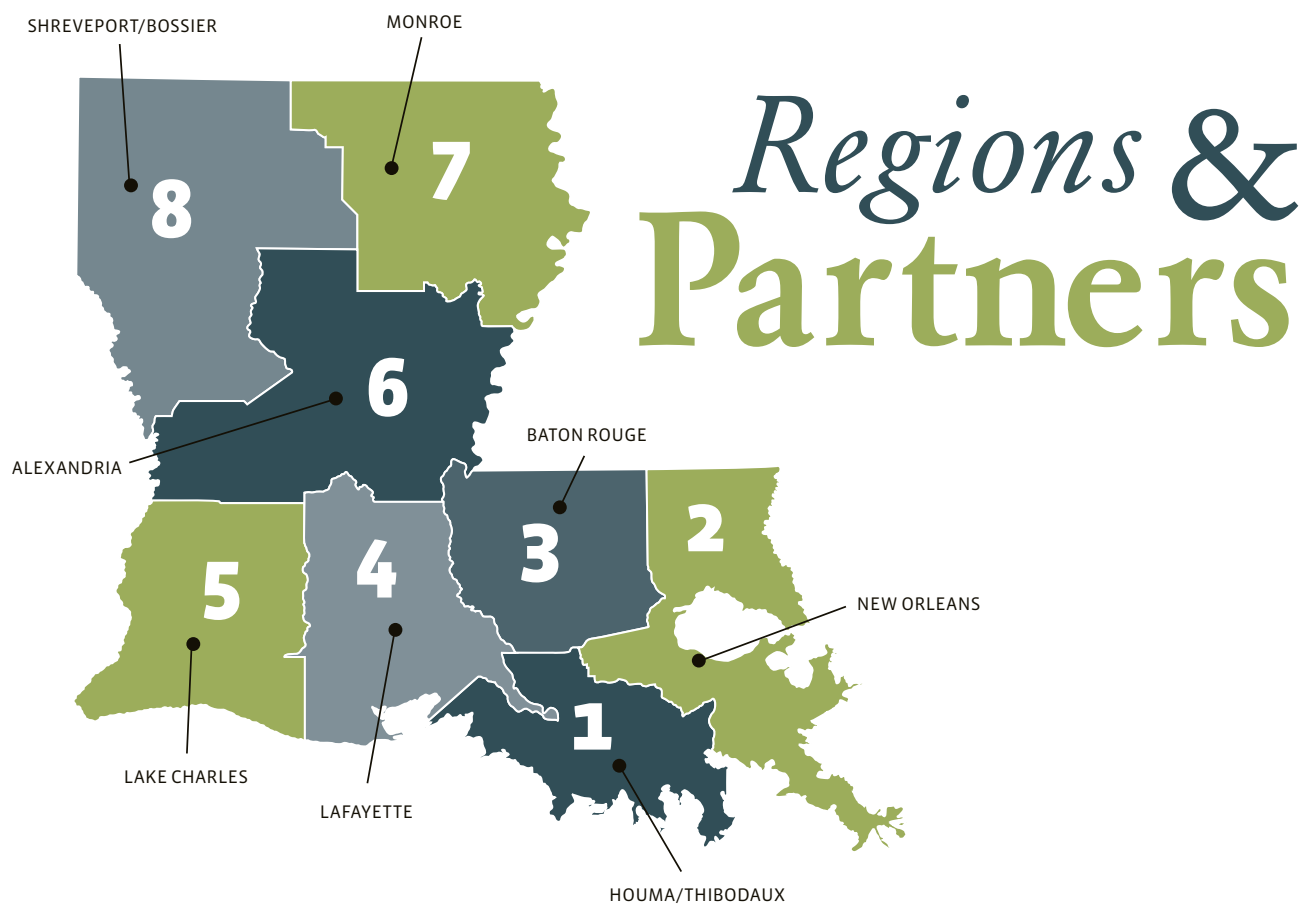
20. Summit/Fremaux Technology and Business Park
Slidell, LA (35 acres)

21. Rigolets Estates PUD Commercial Area
Slidell, LA (52 acres)

Louisiana Incentive Snapshot

Economic Incentives for Businesses of All Sizes		
PROGRAM NAME	BENEFIT	ELIGIBILITY (NOT COMPREHENSIVE)
ENTERPRISE ZONE	Tax credit program: provides a one-time \$2,500 tax credit per certified net new job, and either a 4% sales/use tax rebate on qualifying expenses or an investment tax credit equal to 1.5% of capital expenditures, excluding tax exempted items	<ul style="list-style-type: none">• Must create 5 permanent net new jobs with 24 months, or increase existing workforce in 12 months• Must hire 35% of new workers from one or more of the four targeted groups
QUALITY JOBS	Cash rebate: provides 5% or 6% rebate on annual payroll expenses for up to 10 years, and either a 4% sales/use tax rebate on capital expenditures or an investment tax credit equal to 1.5% of qualifying expenses	<ul style="list-style-type: none">• Must fall within one of the state’s target industries or• Have total annual out-of-state sales of at least 50%
RESTORATION TAX ABATEMENT	Property tax abatement: provides five-year 100% abatement for the rehabilitation of an existing structure based on assessed valuation of property prior to beginning of improvements	<ul style="list-style-type: none">• Must be located in a qualifying district and approved by local governing authority• Does not exempt the acquisition cost of the structure
INDUSTRIAL TAX EXEMPTION	Property tax abatement: provides a 100% property tax abatement for up to 10 years on manufacturer’s qualifying capital investments	<ul style="list-style-type: none">• Applies only to capital investments by Louisiana manufacturers• Property must remain on the site at all times
RESEARCH & DEVELOPMENT TAX CREDIT	Tax credit program: provides up to a 40% tax credit for Louisiana businesses (based on employment) that conduct research and development activities in Louisiana	<ul style="list-style-type: none">• Must have incurred federal research and development expenses and/or received SBIR/STTR grant(s)
SOUND RECORDING INVESTOR TAX CREDIT	Tax credit program: provides a 25% refundable tax credit on qualified expenditures for sound recording productions	<ul style="list-style-type: none">• Must spend at least \$15,000 in Louisiana
DIGITAL INTERACTIVE MEDIA AND SOFTWARE INCENTIVE	Tax credit program: provides a 25% tax credit on qualified production expenditures and a 35% tax credit for Louisiana resident labor expenditures	<ul style="list-style-type: none">• Must be a digital interactive media production in Louisiana• Excludes largely static Internet sites and products regulated under the Louisiana Gaming Control Law
MOTION PICTURE INVESTOR TAX CREDIT	Tax credit program: provides a tax credit of 30% on qualified production expenditures and an additional 5% tax credit for Louisiana resident labor expenditures	<ul style="list-style-type: none">• Must spend at least \$300,000 on motion picture production in Louisiana
MUSICAL & THEATRICAL PRODUCTION TAX INCENTIVE	Tax credit program: provides a tax credit of up to 35% on qualified production or infrastructure development expenditures; additional credits available for payroll and transportation expenditures	<ul style="list-style-type: none">• Must spend at least \$100,000 on live performance production or infrastructure projects in Louisiana
LED FASTSTART™	Workforce development program: provides workforce recruitment, screening and training to new and expanding Louisiana companies at no cost	<ul style="list-style-type: none">• Any manufacturing, digital media, corporate headquarters, warehouse and distribution, research and development or other strategic facility must commit to creating at least 15 jobs• Service providers must commit to creating at least 50 jobs
TECHNOLOGY COMMERCIALIZATION CREDIT AND JOBS PROGRAM	Tax credit program: provides 40% refundable tax credit on costs related to the commercialization of Louisiana technology and a 6% payroll rebate for the creation of new direct jobs	<ul style="list-style-type: none">• Must commercialize a technology developed in Louisiana• Must partner with a Louisiana higher education institute or be a governmental research institution
MODERNIZATION TAX CREDIT	Tax credit program: provides a 5% refundable state tax credit for manufacturers modernizing or upgrading existing facilities in Louisiana	<ul style="list-style-type: none">• Must improve entire facility’s or specific unit’s efficiency by 10% or more or• Facility must be in competition for capital expenditures within a company’s established capital expenditure budget plan
Special Incentives for Small Businesses		
SMALL BUSINESS LOAN PROGRAM	Loan assistance program: provides up to 75% loan guarantees to facilitate capital accessibility	<ul style="list-style-type: none">• Must be a Louisiana small business (as defined by SBA)• Must have a business plan and a bank willing to fund the loan
MICRO LOAN PROGRAM	Loan assistance program: provides up to 80% loan guarantee for banks that fund loans of \$5,000 to \$50,000 to small businesses	<ul style="list-style-type: none">• Must be a Louisiana small business (as defined by SBA)
BONDING ASSISTANCE PROGRAM	Loan assistance program: provides up to 25% loan guarantee for qualifying small contractors bidding on private or public jobs	<ul style="list-style-type: none">• Must be certified in Small and Emerging Business Development Program
VETERAN INITIATIVE	Provides veteran-owned and disabled, service-oriented veteran-owned small businesses with greater potential for access to state procurement and public contract opportunities	<ul style="list-style-type: none">• Must be a veteran or disabled, service-oriented veteran• Must be certified by LED, a Louisiana resident and have fewer than 50 full-time employees
ANGEL INVESTOR TAX CREDIT	Tax credit program: provides credit up to 35% for individual investors when they invest in early stage, wealth-creating businesses	<ul style="list-style-type: none">• Must have principal business operations in Louisiana• Must have Louisiana tax identification number

For more information on Louisiana’s incentives visit OpportunityLouisiana.com or call 225.342.5675.



REGION	REGIONAL ECONOMIC DEVELOPMENT ORGANIZATION	REGIONAL HUB
1. BAYOU	South Louisiana Economic Council	Houma/Thibodaux
2. SOUTHEAST	Greater New Orleans Inc.	New Orleans
3. CAPITAL	Baton Rouge Area Chamber	Baton Rouge
4. ACADIANA	Acadiana Economic Development Council	Lafayette
5. SOUTHWEST	Southwest Louisiana Economic Development Alliance	Lake Charles
6. CENTRAL	Central Louisiana Economic Development Alliance	Alexandria
7. NORTHEAST	Northeast Louisiana Economic Alliance	Monroe
8. NORTHWEST	North Louisiana Economic Partnership	Shreveport/Bossier

1. Bayou Region

- Assumption Chamber of Commerce
- Chamber of Lafourche and the Bayou Region
- Houma-Terrebonne Chamber of Commerce
- Lafourche Parish Economic Development
- South Central Industrial Association
- St. Mary Chamber of Commerce
- St. Mary Economic Development
- St. Mary Industrial Group
- Terrebonne Economic Development Authority
- Thibodaux Chamber of Commerce

2. Southeast Region

- Jefferson Parish Economic Development Commission
- New Orleans Business Alliance
- Plaquemines Association of Business & Industry
- St. Bernard Parish Economic Development Foundation
- St. Charles Parish Department of Economic Development & Tourism
- St. James Parish Department of Economic Development
- St. John the Baptist Parish Department of Economic Development
- St. Tammany Economic Development Foundation
- Tangipahoa Economic Development Foundation
- Washington Economic Development Foundation

3. Capital Region

- Ascension Economic Development Corporation
- City of Baton Rouge/ East Baton Rouge Parish
- East Feliciana Parish Economic Development
- Greater Pointe Coupee Chamber of Commerce
- Iberville Chamber of Commerce
- Livingston Economic Development Council
- St. Helena Parish Economic Development Committee
- West Baton Rouge Chamber of Commerce
- West Feliciana Parish Community Development Foundation

4. Acadiana Region

- Crowley Chamber of Commerce
- Evangeline Parish Industrial Board
- Iberia Industrial Development Foundation
- Lafayette Economic Development Authority
- St. Landry Parish Economic Industrial Development District
- St. Martin Economic Development Authority
- Vermillion Chamber of Commerce

5. Southwest Region

- Calcasieu Parish Planning and Development
- Chenault International Airport Authority
- City of Lake Charles Planning and Economic Development Department
- DeQuincy Chamber of Commerce
- DeQuincy Economic Commission
- Greater Beauregard Chamber of Commerce
- Jeff Davis Business Alliance
- Jeff Davis Parish Office of Economic Development
- Jennings Main Street
- Kinder Louisiana Chamber of Commerce
- Lake Charles Downtown Development Authority
- Lake Charles Regional Airport
- Oakdale Area Chamber of Commerce
- Sulphur Industrial Development Board
- The Chamber/SWLA
- The Port of Lake Charles
- West Calcasieu Port, Harbor and Terminal District

6. Central Region

- Alexandria Central Economic Development District
- Alexandria/Pineville Convention and Visitors Bureau
- Alexandria Regional Port Authority
- Avoyelles Parish Port Commission
- Central Louisiana Business Incubator
- Central Louisiana Chamber of Commerce
- Concordia Economic & Industrial Development Board
- Concordia Parish Chamber of Commerce
- England Economic and Industrial Development District
- Greater Alexandria Economic Development Authority
- Greater Vernon Chamber of Commerce
- LaSalle Economic Development District
- North Rapides Business and Industry Alliance
- O.U.T.S.: Olla, Urania, Tullos, Standard Economic Development Board
- Pineville Downtown Development District
- The Rapides Foundation
- Winn Economic and Industrial District

7. Northeast Region

- Bernice Industrial Development Corporation
- Caldwell Parish Industrial Development Board
- Franklin Economic Development Foundation
- Jackson Parish Chamber of Commerce
- Jackson Parish Economic Development
- LA Delta 65 Inc.
- Lake Providence Port Commission
- Monroe Chamber of Commerce
- Morehouse Economic Development Commission

- Rayville Economic Development
- Tensas Revitalization Alliance
- Union Parish Chamber of Commerce
- West Carroll Parish Chamber of Commerce
- West Monroe-West Ouachita Chamber of Commerce

8. Northwest Region

- Arcadia/Bienville Parish Chamber of Commerce
- Bossier Chamber of Commerce
- Caddo-Bossier Port Commission
- City of Natchitoches Economic Development Commission
- Claiborne Chamber of Commerce
- DeSoto Parish Chamber of Commerce
- Greater Bossier Economic Development Foundation
- Greater Shreveport Chamber of Commerce
- Minden-South Webster Chamber of Commerce
- Natchitoches Area Chamber of Commerce
- North Webster Chamber of Commerce
- Red River Parish Chamber of Commerce
- Ruston-Lincoln Chamber of Commerce
- Sabine Parish Chamber of Commerce

In addition to working with these organizations, LED regularly works with municipalities, parishes, police juries and utilities on economic development initiatives.

- Statewide partners include:
- American Electric Power/Southwestern Electric Power Company
 - Association of Louisiana Electric Cooperatives
 - Center for Lean Excellence
 - Cleco Corp.
 - Entergy Louisiana Economic Development
 - Louisiana Association of Planning and Development Districts
 - Louisiana Business Incubation Association
 - Louisiana Industrial Development Executives Association
 - Louisiana Municipal Association
 - Louisiana Public Facilities Authority
 - Louisiana Small Business Development Center Network
 - Manufacturing Extension Partnership of Louisiana
 - Police Jury Association of Louisiana
 - Ports Association of Louisiana
 - Procurement Technical Assistance Center

The Gold Standard: **AGAIN** **(And Again)**

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